

Welcome to the MakerDAO Forum! The following points will allow you to better understand governance and the forum.



Respectful and good-faith **discussion** should be the cornerstone of any decision-making process. In trying to enact change, please keep this principle in mind.

MakerDAO's **governance** has on-chain (**Voter Portal**) and off-chain (**Forum**) components. Community-driven discussions, well-reasoned arguments, and voting in this forum all have the ability to influence the Maker Protocol without the need for tokens. Here are some tips on navigating the forum:

## GUSD & MakerDAO Partnership Update

[gusd](#) [psm-gusd-a](#)

[tylerwinkle](#)[voss](#)

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Maker community,

We are deeply grateful for the ongoing partnership of this community and thankful for the opportunity to address any and all of your concerns.

No doubt, the past few months have been some of the most challenging for our industry and for Gemini specifically with respect to the Earn program. I'd like to be clear up front, however, that the issues related to Earn **do not impact** any other Gemini products or services, including GUSD.

MakerDao's counterparty risk to Gemini is and has always been limited to GUSD. The risks associated with GUSD can be bucketed into three general categories:

1. Is GUSD's smart contract implementation secure?
2. Are there enough dollars backing GUSD in circulation?
3. Are the dollars backing GUSD held safely and soundly?

Our answers to all of these questions are not only best-in-class (if not the best) for any centrally-issued stablecoin, they are the **same** today as they were prior to both FTX's collapse and any issues related to Earn.

I'll go into more detail later on in this post, but here are the headlines to the questions posed above:

**Skip to main content** een operating successfully in the wild with no issues since 2018. Its smart contract has been **audited** and you can review its **source code** for yourself.

2. **Yes.** GUSD reserves are attested to on a monthly basis by an independent registered accounting firm. Attestations can be found [here](#). GUSD is also regulated by the New York Department of Financial Services and falls directly under its oversight, another assurance that GUSD is backed 1:1.
3. **Yes.** GUSD reserves are held in a) U.S. FDIC-insured banks, b) Money market funds, invested only in U.S. Treasury obligations, and c) U.S. Treasury obligations. This breakdown is confirmed and verified by the monthly GUSD attestations.

As I have outlined above, MakerDAO's exposure to Gemini is isolated to GUSD, which remains wholly unaffected by the turmoil in crypto markets and any issues related to Earn. I totally appreciate that there is a lot of FUD swirling around out there, but I would respectfully submit that it is our duty as a community and an industry to be fair and rational with respect to where FUD is due and where it is not due, especially during trying times. Acting otherwise is counterproductive to the values and long-term goals that we all share.

We look forward to continuing this dialogue and to answering additional questions from this community as they arise. We are also happy to consider implementing additional processes for increased transparency (e.g., regular meetings with core teams, joining community calls, and other mechanisms to promote transparency and provide needed information) if the community would find it valuable. Most importantly, Gemini looks forward to continuing to work with the MakerDAO community to help unlock the next era of financial freedom.

Onward and upward!

Tyler

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## REGARDING POTENTIAL INSOLVENCY RISK OF GEMINI DUE TO EARN

As an initial matter, while Gemini Trust Company, LLC ("Gemini"), as the agent for Earn users, is working tirelessly on their behalf to return assets that those users lent to Genesis, the applicable governing agreements provide that Earn users have principal risk directly against Genesis, and, as a result, the approximately \$900 million outstanding to Earn users are owed by Genesis, **not Gemini**. Gemini did not borrow or use any of the Earn users' assets.

With regards to bankruptcy risk, the assets forming the GUSD reserve are not "property" of Gemini (i.e., Gemini does not take ownership of the GUSD reserves). Gemini is required by the New York Department of Financial Services ("NYDFS") to comply with the requirements of the NYDFS industry letter, dated June 8, 2022, Guidance on the Issuance of U.S. Dollar Backed Stablecoins ("NYDFS Stablecoin Guidance") [1]. Item 2(a) under the NYDFS Stablecoin Guidance requires that the reserves backing any NYDFS regulated stablecoin be segregated from the proprietary assets of the issuing entity (e.g., Gemini) and that such reserve assets are held at depository institutions or custodians for the benefit of the holders of the stablecoin. Accordingly, GUSD reserves are held in accounts that are separate from Gemini's business, operating, and other customer omnibus accounts [2]. In the unlikely event Gemini faces an insolvency scenario, [Skip to main content](#) ie that GUSD reserves do not form a part of Gemini's "bankruptcy estate"

(i.e., the pool of assets that a bankruptcy trustee and/or court will use to distribute to Gemini creditors).

In addition, it is important to note that Gemini is a limited purpose trust company subject to the New York Banking Law (“NYBL”) and supervised by the NYDFS. This means that in the event of a bankruptcy, the NYDFS would be the trustee of Gemini’s bankruptcy estate and have certain powers when it comes to the administration of such a bankruptcy proceeding [3]. The provisions of the NYBL will apply and govern the administration of such a proceeding. Moreover, Gemini has structured all of our products, including GUSD, in compliance with the NYBL and with oversight from the NYDFS [4]. Given the fact that the NYBL will govern any bankruptcy of a New York limited purpose trust company, including Gemini, and the fact that we have received prior approval from the NYDFS prior to launching GUSD, we would expect the NYDFS to support Gemini’s characterization of our contractual relationship regarding GUSD – and have GUSD holder interests as a paramount consideration when acting in that capacity.

Lastly, as a New York limited purpose trust company, we are required by the NYBL and the NYDFS to be a full-reserve exchange and custodian [5]. This means that all customer funds held on Gemini are held 1:1. When we say customer funds are held 1:1, we mean that once a customer deposits funds with Gemini, we hold those funds and do not do anything with those funds without specific customer authorization [6]. The funds are also segregated from Gemini’s own funds, and held in separate accounts. Therefore, customer funds are always available for withdrawal. In addition, the NYDFS imposes certain excess capital requirements and compliance standards for all assets held on Gemini [7]. At any given time, Gemini is required to hold capital in excess of customer deposits and must report any material changes in meeting this capital requirement to the NYDFS [8]. We highlight this because even in the unlikely event of a bankruptcy, Gemini will already have all of our customer funds in reserve in addition to excess capital reserve requirements—both of which are regularly examined and audited by the NYDFS [9].

All of this is subject to the NYDFS oversight and supervision. Specifically, the NYDFS requires limited purpose trust chartered companies engaged in virtual currency business activity like Gemini to comply with all of the requirements set forth in the NYDFS’ Virtual Currency (“Bitlicense”) regulations [10]. The NYDFS has again reminded the public that all regulated entities “as a matter of safety and soundness. . . are expected to seek approval from the [NYDFS] before engaging in new or significantly different virtual currency-related activity [11].” Gemini also provides regular reporting to, and is subject to periodic examination by, the NYDFS. As part of the NYDFS’ examination process, the NYDFS has the authority to examine all Gemini documents, processes, controls, and measures, including those pertaining to GUSD [12]. Additionally, the NYDFS prescribes requirements of USD-backed stablecoins issued under NYDFS oversight, and Gemini provides regular reporting to the NYDFS on its compliance with these backing and redeemability, reserve, and monthly and annual attestation requirements [13].

## FOOTNOTES

[1] See, e.g., NYDFS “Guidance on the Issuance of U.S. Dollar-Backed Stablecoins” (June 8, 2022) *available at*

[Skip to main content v/industry\\_guidance/industry\\_letters/il20220608\\_issuance\\_stablecoins#ftn5](https://www.ny.gov/media/102220608-issuance-stablecoins#ftn5) (“NYDFS Stablecoin Guidance”).

[2] See Gemini, User Agreement, [User Agreement | Gemini](#) (providing that all accounts for GUSD are “separate from our business, operating, and reserve bank accounts”).

[3] See NYBL §102-a (providing that New York Banking Law shall govern the winding up of the affairs of a New York trust company and the distribution of assets).

[4] See 23 NYCRR § 200.10. (requiring all licensed virtual currency businesses to obtain NYDFS approval prior to offering any materially new products or services). NYDFS imposes strict requirements related to NYDFS-supervised entities’ issuance of dollar-backed stablecoins. See, e.g., NYDFS “Guidance on the Issuance of U.S. Dollar-Backed Stablecoins” (June 8, 2022), *available at*

[https://www.dfs.ny.gov/industry\\_guidance/industry\\_letters/il20220608\\_issuance\\_stablecoins#ftn5](https://www.dfs.ny.gov/industry_guidance/industry_letters/il20220608_issuance_stablecoins#ftn5) (“NYDFS Stablecoin Guidance”). Gemini adheres to these reserve, redeemability, and attestation requirements, as detailed in our User Agreement.

[5] See NYBL §107 (prescribing reserve requirements of NY banks and trust companies).

[6] See, e.g., 23 NYCRR § 200.9.

[7] See 23 NYCRR § 200.8 (capital reserve requirements).

[8] See NYBL §125 (requiring certain reporting to NYDFS by regulated entities).

[9] See 23 NYCRR § 200.13 (giving the NYDFS authority to examine a licensed entity’s books, records, and other information at any time).

[10] See, e.g., NYDFS Grants Charter to “Gemini” Bitcoin Exchange Founded by Cameron and Tyler Winklevoss (Oct. 5, 2015), [https://www.dfs.ny.gov/reports\\_and\\_publications/press\\_releases/pr1510051](https://www.dfs.ny.gov/reports_and_publications/press_releases/pr1510051) (Virtual currency exchanges chartered as LPTCs “are also expected to meet the full requirements of the NYDFS BitLicense regulatory framework (23 NYCRR § 200) – which was finalized in June 2015 – as a condition of licensure.”).

[11] See [https://www.dfs.ny.gov/system/files/documents/2022/12/il20221215\\_prior\\_approval.pdf](https://www.dfs.ny.gov/system/files/documents/2022/12/il20221215_prior_approval.pdf).

[12] See 23 NYCRR § 200.13.

[13] See NYDFS Stablecoin Guidance.

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## LEGAL & COMPLIANCE FAQ

### What future enhancements should MakerDAO require in order to protect its interests?

While we appreciate that there may be additional opportunities for increased transparency going forward, we would propose regularly scheduled meetings between representatives of Gemini and MakerDAO staff regarding GUSD. These meetings would include, among other

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things, discussion of published attestations as well as certain information related to accounts that hold GUSD reserves, such as the makeup of the GUSD reserves, in addition to other risk relevant items.

### **What is the source of the initial GUSD in the PSM?**

Gemini engaged with third-party market participants to assist in filling the PSM. Per internal controls, we don't comment publicly on counterparties of this nature.

### **What is the incentive for Gemini to fill the PSM?**

We designed this partnership to be mutually beneficial to provide liquidity for DAI via a PSM and increase the on-chain usage of GUSD.

## **OPERATIONAL FAQ**

### **How can MakerDAO operationally redeem GUSD should it need to?**

Gemini is currently working with MakerDAO arranger Monetalis to onboard James Asset (PTC) Limited and create an account on the Gemini exchange to manage redemptions.

### **How quickly can Gemini process GUSD redemptions & withdrawals?**

GUSD can be redeemed 1:1 with no fees at any time on the Gemini exchange. Most redemptions are processed instantly in the normal course of business. In cases in which instant processing is not possible, we strive to fulfill redemptions within one business day in accordance with our User Agreement.

## **FINANCIAL FAQ**

### **Is all of the USD backing GUSD that is held at Silvergate protected by FDIC insurance? Are any cash deposits at risk or uninsured?**

The cash portion of the GUSD reserves, which may be held at State Street Bank and Trust Company, Signature Bank, or Silvergate Bank, may be eligible for FDIC "pass-through" insurance for Gemini customers in the event that the bank holding such U.S. dollar cash deposits becomes subject to resolution or similar proceedings by the FDIC.

### **Is Gemini open to or exploring ways to reduce their (possibly unsecured) exposure to crypto-focused banks like Silvergate and Signature and shift more of their reserves into treasury bills, government money funds or other government guaranteed assets?**

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We have a defined Investment Policy that outlines target and maximum exposure to specific instruments and counterparties. We are continuously rebalancing reserves in response to market events and assessed risk, including reducing exposure to specific counterparties where appropriate.

### Does Gemini segregate yield earned from public attestation reports?

Gemini holds GUSD reserves across multiple FDIC-insured banks as well as money market funds and US Treasuries. Some of these accounts direct interest yield payments to separate Gemini-owned accounts. The requirement to hold reserves that are at least equal to the nominal value of outstanding GUSD is always met.

### What is the specific composition of assets that make up GUSD reserves?

As of Jan 12 2023, GUSD reserves are composed of the below assets. We are working on ways to provide this information in a more regular, public manner. In the meantime, we do provide our monthly attestations on the [GUSD product page](#) and show a breakdown of live assets on our newly published [Trust Center](#) page.

CUSIP/SYMBOL	DESCRIPTION	CURRENCY	AMOUNT
CASH	USD HELD AT BANKS	USD	267,899,676
FTIXX	GS FIN SQ TREASURY INST FUND INST	USD	10,000,000
262006208	DREYFUS GVT CSH MGT INST	USD	44,291,555
912796S34	UNITEDUNITED STATES TREASURY	USD	25,000,000
912796T33	UNITEDUNITED STATES TREASURY	USD	20,000,000
912796XS3	UNITEDUNITED STATES TREASURY	USD	20,000,000
912796Y78	UNITEDUNITED STATES TREASURY	USD	20,000,000
912796Y78	UNITEDUNITED STATES TREASURY	USD	20,000,000
912796Y86	UNITEDUNITED STATES TREASURY	USD	20,000,000
912796YB9	UNITEDUNITED STATES TREASURY	USD	20,000,000
912796Z85	UNITEDUNITED STATES TREASURY	USD	25,000,000
912796ZM4	UNITEDUNITED STATES TREASURY	USD	15,000,000
912796ZT9	UNITEDUNITED STATES TREASURY	USD	10,000,000
912796YK9	UNITEDUNITED STATES TREASURY	USD	30,000,000
912796Z69	UNITEDUNITED STATES TREASURY	USD	30,000,000
			577,191,231

[Skip to main content](#) [1-year and interim financial statements for Gemini?](#)



Gemini is privately held and does not distribute financial statements. Gemini files quarterly financial statements with its primary regulator, the NYDFS, in accordance with its confidential Supervisory Agreement. Gemini is audited on an annual basis by Deloitte. We also undergo yearly SOC 1 Type 2 and SOC 2 Type 2 exams by Deloitte.

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## CLOSING REMARKS

We look forward to continuing this partnership with the Maker community and welcome any feedback and questions that the community has.

## REFERENCES

- Gemini Trust Center - [Gemini Trust Center](#)
- Website - [Gemini dollar \(GUSD\)](#)
- Whitepaper - <https://www.gemini.com/static/dollar/gemini-dollar-whitepaper.pdf>
- Source Code - [GitHub - gemini/dollar](#)
- Trail of Bits Audit - <https://www.gemini.com/static/dollar/gemini-dollar-trailofbits-audit.pdf>
- Independent Auditor Reports - [Gemini dollar \(GUSD\)](#)
- Token Contract - [Gemini dollar \(GUSD\) Token Tracker | Etherscan](#)
- Twitter - <https://twitter.com/Gemini>

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[ACREinvest Delegate Platform](#)

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**GFXlabs** Recognized Delegate

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## Updating GUSD Rewards Rates

### Background

There is an [ongoing vote](#) on whether Maker should disengage from its recent increase in GUSD holdings. This [comes](#) as a [variety](#) of MakerDAO [community members](#) have expressed unease or questions about Gemini, its exposure to [Genesis through the Gemini Earn program](#), regulatory [enforcement actions](#), and the safety and soundness of GUSD reserves.

Comments on the governance forum and Discord server focus on the risk-reward calculus.

[GFX Labs has been an early supporter for the addition of a GUSD-PSM](#), and [authored the initial increase in debt ceiling](#) proposal for that same PSM. With that being said, two Federal Reserve meetings have passed since the [initial offering of GUSD rewards](#) to MakerDAO. This has added 125 basis points to the Federal Reserve Funds Rate, which strongly influences the [Skip to main content](#)

yield on the underlying assets of GUSD. It seems appropriate to increase the rewards rate in this environment, and the relevant question is “By how much?”

## Proposal To Gemini

GFX Labs believes that there is promise for a long-term partnership between MakerDAO and Gemini that can prevent sudden votes like this in the future by setting predictable expectations around the GUSD rewards program that Gemini has so generously created.

**We propose that a temporary, informal working group be established to make expected rewards adjust upwards and downwards with the yield on the underlying portfolio of cash, US Treasury securities, and US Treasury securities-based money market funds that back GUSD.**

In order to foster a closer relationship between MakerDAO and Gemini, we propose that such a working group should consist (on MakerDAO's side) of [@GFXlabs](#) , [@rspa](#) , [@justincase](#) , [@twblack88](#) , and some additional representatives drawn from core units. Gemini should appoint their own representatives to the working group. This working group would have a narrow focus and limited tenure, but would also give Gemini additional direct lines of communication to MakerDAO stakeholders for any future discussions.

Together, MakerDAO and Gemini can agree on an increase from current rewards rates while simultaneously ensuring a consistent treatment through periods of high rates and low. This will set the stage for a long-term relationship between Gemini and the leading decentralized finance protocol.

This working group's first meeting should occur no later than February 1, 2023. A formula that makes GUSD rewards rates predictable to the community should target being made public by February 28, 2023.

**Ideally, a representative from Gemini should publicly respond to this offer on this forum prior to the close of the current GUSD polls to avoid disruption or delays.** Unfortunately, the voting schedule makes is relatively rushed in this instance.

CC: [@tylerwinklevoss](#) [@marty\\_stenson](#) [@beardmars](#)

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## [Paxos & MakerDAO Partnership \(USDP PSM\)](#)

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**Eumenes** Regular

16d

Thanks for the update.

Regarding potential Gemini BK risk to Maker's GUSD assets, can you provide a Non-consolidation Opinion by a leading law firm that addresses this key risk directly?

The proposal has some 'should' statements that doesnt give high confidence of non-consolidation risk in a Gemini BK.

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Only an in depth legal analysis by a leading law firm will properly address this risk...

The fact that Circle and others have not provided such an in depth legal analysis and opinion suggests that credible law firms may not be willing to not give a non-consolidation opinion, as they view the consolidation risk in BK too unknown/high to issue an opinion.

## Cryptohippo65

16d

tylerwinklevoss:

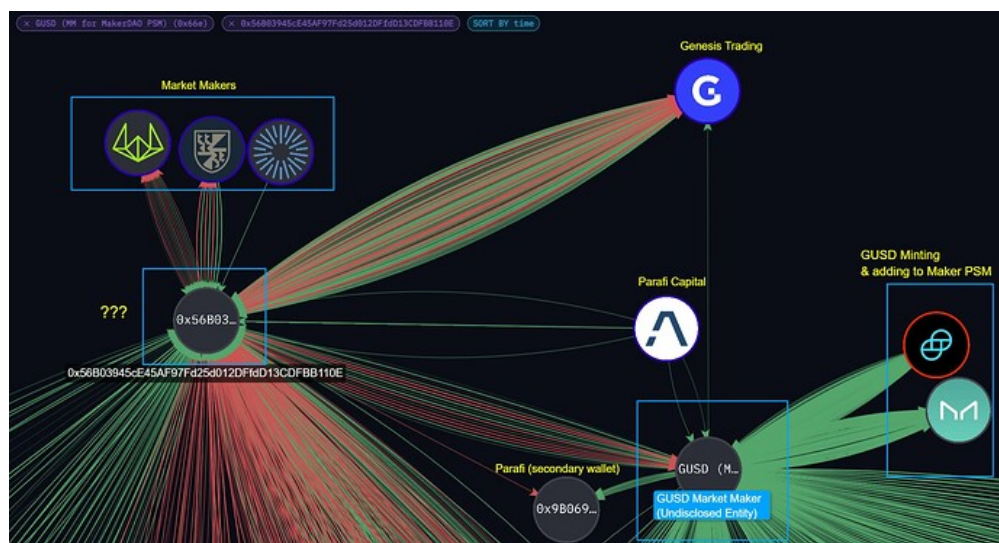
Gemini engaged with third-party market participants to assist in filling the PSM. Per internal controls, we don't comment publicly on counterparties of this nature.

Thank you for confirming that Gemini was the one to hire a third party market participant to fill the PSM.

Although Gemini doesn't comment publicly on the counterparty, I think it is important information for MakerDAO, given the very public pushback to such a simple question.

This pushback mainly and oddly came from MakerDAO team itself.

I did some analysis of the counterparty's wallet, and I have found out some info that would be relevant to MakerDAO's decision making.



Txns made by the GUSD PSM Market Maker

1. Has sent money to Genesis Trading
2. The market maker wallet has strong connections to a secondary wallet.
3. The market maker wallet is likely a hot wallet used by the secondary wallet to carry out the GUSD PSM contract, along with other activities.
4. The secondary wallet, has numerous deposits & withdrawals with Genesis Trading.
5. The secondary wallet is connected to the major market makers: Wintermute, Cumberland,

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6. Both the main & secondary wallet have txns with Parafi Capital

What can we ascertain from the above information?

### Genesis Trading connection.

This should be of great concern to MakerDAO, as Genesis Trading is the entity facing potential insolvency.

If they were associated with filling the GUSD PSM, I would recommend MakerDAO look very carefully at these funds to ensure there is no unknown risk associated with the GUSD PSM deal.

### Wintermute, Cumberland, and GSR Markets

I would expect to see these entities associated with a Market Maker wallet.

A separate question is why are Market Makers not using individual wallets for business activities? That may be a question for the larger crypto industry, as separate businesses shouldn't really have funds held together IMO. Although, perhaps these are for market maker partnerships? No accusations, purely observations.

### Parafi Capital

This is an interesting entity. Out of nowhere, an individual commented on my twitter thread about the GUSD PSM stating:

"I know who did it and this is accurate" (referring to the GUSD PSM market maker)



**KYB**  
@kyedidbottom

@karl\_0x I know who did it and this is accurate: [twitter.com/cryptohippo65/...](https://twitter.com/cryptohippo65/)

**Cryptohippo** @cryptohippo65

Can anyone tell me what he meant by that statement? "a market maker is moving USDC to GUSD by redeeming for the underlying USD" GUSD was moved from Gemini to MakerDAO, DAI was redeemed, moved to 3 new wallets, converted to USDC, and then redeemed for fiat USD via circle.

6:02 AM - 3 Jan 2023 ❤️ 2

His profile states he is a fan of Parafi Capital.

Had he not reached out, I would have not spotted the Parafi Capital connection to the market maker wallet so I appreciate his input.

His profile strikes me as odd, because it was created in 2015, but his first tweets were just this GUSD PSM discussions. He also said it wasn't his place to state who the

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market maker was. I reached out to him privately, but he has gone radio silent since his abrupt entry into the discussion.

I suspect Parafi Capital was also associated with providing capital for the GUSD PSM funding, but obviously only Gemini & the market maker can confirm this.

## Conclusion

The previously undisclosed connection of Genesis Trading to the GUSD PSM Market Maker should be thoroughly reviewed by MakerDAO.

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## [GUSD & MakerDAO Partnership Announcement](#)

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**beardmars**

16d

Hi GFXlabs team, appreciate your response and ongoing support. We are more than happy to create a working group to discuss the marketing incentive that we can track together and work closely on, and we are amenable to increases (and potential decreases as appropriate) that support the partnership. If you don't have access to my contact info you can DM me on twitter [@beardmars](#) and we can start to set this up as soon as possible.

Thank you,

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**tylerwinklevoss**

16d

Thank you for your question. Gemini offers protection in a way that very few crypto firms can (i.e., we hold customer assets bankruptcy remote). As I explained in my response, this is because we are a New York limited purpose trust company — this means that we are not only regulated by the NYDFS but subject to the New York Banking Law (NYBL). The NYBL provides that a New York trust company would not go through customary bankruptcy procedures like other crypto companies who have recently failed. Instead, the NYBL will govern and the Superintendent of NYDFS would return assets held by Gemini to the rightful parties, as reflected on our books and records. Again, GUSD reserves are held in accounts that are separate from Gemini's business, operating, and other customer omnibus accounts. Gemini and GUSD would be treated the same in such a scenario as any other NYDFS-regulated stablecoins that have a PSM, and therefore, should not be held to a double-standard. Thanks.

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**ChrisBlec Recognized Delegate**

16d

So what you're saying is that MakerDAO doesn't need to trust Gemini at all.

It just needs to trust the corrupt NYDFS.

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The same NYDFS that changed all of its previous rules by inventing the BitLicense out of thin air in 2014.

Placing the entire fate of the DAI ecosystem into the hands of NYDFS, an organization which has proven repeatedly that it hates innovation in this space, is not advice that anyone here should take seriously.

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**Tosh9.0**

**16d**

tylerwinkleovoss:

- Independent Auditor Reports - **Gemini dollar (GUSD)**

Just FYI since it seems you don't have much background on Parafi. They have **historically supported** the project and have been active participants in governance, with **good/great suggestions** to boot.

From my perspective, they are a well-functioning and well-respected ecosystem member.

Tosh

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**Cryptohippo65**

**16d**

Thanks for the additional background on Parafi capital.

My goal was to highlight all entities that had strong associations with the market maker. If MakerDAO considers Parafi well respected, then that is good.

The really concerning connection to the market maker is Genesis Trading.

If Genesis Trading potentially played a role with the GUSD PSM proposal, this should ring alarm bells.

MakerDAO should be aware that executives of Genesis trading were trying to raise \$500M just one month prior to the GUSD proposal.



### **Top execs from Genesis and Galaxy are raising a \$500 million fund**

Top trading executives from Genesis and Galaxy are set to raise a \$500 million fund, according to an SEC filing.

Then a business partner of Genesis (aka Gemini) announced a \$500M GUSD proposal.

**Skip to main content** led out by a wallet that has transaction history connecting it back to Genesis Trading.

There are a lot of strange coincidences with the GUSD PSM deal, and members of MakerDAO need to be aware of this, in order to make a fully informed decision.

## [\[Request to Poll\] PSM-GUSD-A Parameters](#)

### ap\_UC Recognized Delegate

15d

Understand your points regarding the GUSD proposal, though looking into the \$500M raise and the article you linked, these are all ex-execs from Genesis and Galaxy, and the reason for the August raise is now clearer, as they've all left their previous roles to start a new fund that seems to be unaffiliated with the team's previous employers. Here's more in terms of filings: [DBA Crypto Fund I, LP Form D Filed 2022-08-26](#)

### Cryptohippo65

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While I will respect the decision of the vote, I would like to draw attention to additional info I have learned since the vote, which I have posted on the main GUSD thread.

#### GUSD & MakerDAO Partnership Announcement

A few things don't sit right with me about the Gemini deal. The vote was scheduled so that it would be the EXACT same date that Genesis declared chapter 11 bankruptcy. This information would have had a significant impact on the vote IMO. Although I will respect the decision of the vote, I find this timing incredibly suspicious. It has also come to my attention that just a month before the updated GUSD proposal was suggested, on 15AUG2022 Gemini Earn requested \$465M collateral from Genesis. Can ...

### DaveringtonPLLC

3d

Axios claims in a report this morning that the [NYDFS](#) is investigating Gemini. The article, quoted and linked below, discusses GUSD customer marketing and communications at length. It is a helpful read for illustrating how the Earn program issues might be relevant to our assessment of GUSD risk to MakerDAO.

- Its Earn product resembled a savings account. Investors put in funds — either their own cryptocurrency or they paid dollars for Gemini's stablecoin, GUSD — and were told they'd make as much as 8% APY.
- Gemini didn't say explicitly that its Earn program, or GUSD, is directly FDIC insured. Instead, on its [website](#) in a section called "FDIC Insurance," Gemini says that GUSD is at least in part backed by dollars that may be held in FDIC "eligible" accounts at three

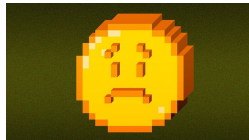
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banks: State Street, Signature and Silvergate. (None of those banks provided Axios with more details.)

I regularly share news on Twitter about the challenges facing Silvergate and Signature for anyone looking to get a bunch of references on that quickly. I won't clutter this comment with those details, but certainly it matters the extent to which USD backing GUSD is in accounts at those institutions and whether accounts hold amounts above FDIC insurance thresholds.

We also should consider whether MakerDAO desires to bear the full brunt of the testing of this entire architecture of counterparty risk, customer losses, government enforcement and bankruptcy court proceedings.

It would be great to have a response to these allegations here on the Forum [@tylerwinklevoss](#) [@beardmars](#) . Thank you.



### **As crypto cratered, Gemini talked to customers about FDIC insurance**

Customers say that led them to believe their accounts were insured by the agency. They weren't.

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[ACREinvest Delegate Platform](#)